

Current Support Brief

US SHIPPING REGULATIONS ON CUBA
HAVE LITTLE IMPACT ON POLISH SHIPPING



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Speculation has arisen concerning the effect on Polish shipping of US shipping regulations relating to the Cuban trade. It is believed that these regulations will have little impact on Polish steamship services, and it is also concluded that they are not responsible for the prospective reorganization of Polish shipping companies.

1. Polish Shipping Reorganization

On 28 December 1962 the Polish newspaper Trybuna ludu carried the announcement that the two Polish merchant shipping companies, Polish Ocean Lines (PLO) and Polish Steamship Company (PZM), are to be replaced in the near future by four shipping companies, each of which will be allocated one geographic area. This move would not be surprising in view of recent agreements to apportion shipping services geographically between PLO and PZM. The service to the US, for example, was begun by PZM but was soon turned over to PLO, which was already operating the South America line and which is now operating the Cuba line. In January 1962, most of PLO's West European coastal lines were turned over to PZM, which already operated numerous lines in the Baltic and along the European coast.

It would make economic sense for Poland to establish a geographic grouping under separate shipping companies along the following order, utilizing the services already existing in each of the areas:

North, Central, and South America
Baltic, Western Europe, and the UK
Africa, Mediterranean, and the Middle East
South and East Asia

If the geographic grouping that Poland intends to set up follows the above pattern, it is believed that the lines to the Americas logically would be included under one company. In fact, PLO probably already has one

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operating director in charge of the three lines to the Western Hemisphere (plus the periodic passenger service to Canada). There is little likelihood, therefore, that the proposed Polish reorganization has any direct connection with the publicity since October 1962 concerning possible US shipping restrictions on lines serving Cuba.

2. Significance

Under the US policy announced on 5 February 1963, US government-financed cargoes would be denied to ships calling at Cuba after 1 January 1963. Such a denial would be lifted, however, if the persons controlling the ships involved promised that none of the shipping under their control would participate in the Cuban trade in the future. This particular regulation would have little or no impact on Polish shipping inasmuch as only four Polish ships are involved in the Cuban trade and these ships do not call at US ports. The impact would still be slight even if the denials of US-financed cargoes were expanded to include all shipping of a company with ships engaged in the Cuban trade. Polish ships operated by PLO (which also operates the Cuba line) have been carrying both US-Polish cargo and cargo to and from the US and Western Europe. In 1961 only 39,500 tons of cargo were carried by Polish ships from the US to Poland and on the basis of incomplete data it appears that the general magnitude of these deliveries did not change substantially in 1962. Of this total, only 7,900 tons of grain were presumed to be US government-financed cargo. The rest of the 696,410 tons of US grain imported into Poland was carried by Western ships.

If the US shipping regulations are extended to deny entry to US ports to any ships of a steamship company also serving Cuba, Poland could evade these sanctions by transferring its ships on the Cuban run to another company with the proposed joint Cuba-Satellite line. If Polish ships were denied entry to US ports under any circumstances, the results would be more serious but not disastrous. The four to five Polish ships now serving the US could easily be transferred elsewhere, particularly to the South America line, which has been expanding rapidly and is expected to continue to expand as Poland acquires more ships. The

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principal loss would be foreign exchange earnings from the approximately 80,000 tons of non-Polish cargo carried on the Polish line serving the US. Presumably this loss eventually would be mitigated by increased solicitation of non-Polish cargoes on the South America and other lines.

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